

Veles Water Weekly Report:

Reckoning on the River: Water Environment & Technology Special Feature

1. **WATERTALK**
TECHNICAL ANALYSIS BY JOSHUA BELL
 2. NQH2O INDEX VS H2O FUTURES PRICE PERFORMANCE
 3. NQH2O INDEX HISTORY
 4. H2O FUTURES TECHNICAL REPORT
 5. NQH2O INDEX AND H2O FUTURES VOLATILITY ANALYSIS
 6. CENTRAL VALLEY PRECIPITATION REPORT
 7. RESERVOIR STORAGE
 8. SNOWPACK WATER CONTENT
 9. CALIFORNIA DROUGHT MONITOR
 10. CLIMATE FORECAST
 11. WESTERN WEATHER DISCUSSION
 12. **WATER NEWS**
 - I. CA WATER NEWS
 - II. US WATER NEWS
 - III. GLOBAL WATER NEWS
-

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VelesWater



WATER FUTURES MARKET ANALYSIS

Welcome to ***WATERTALK***

by Joshua Bell

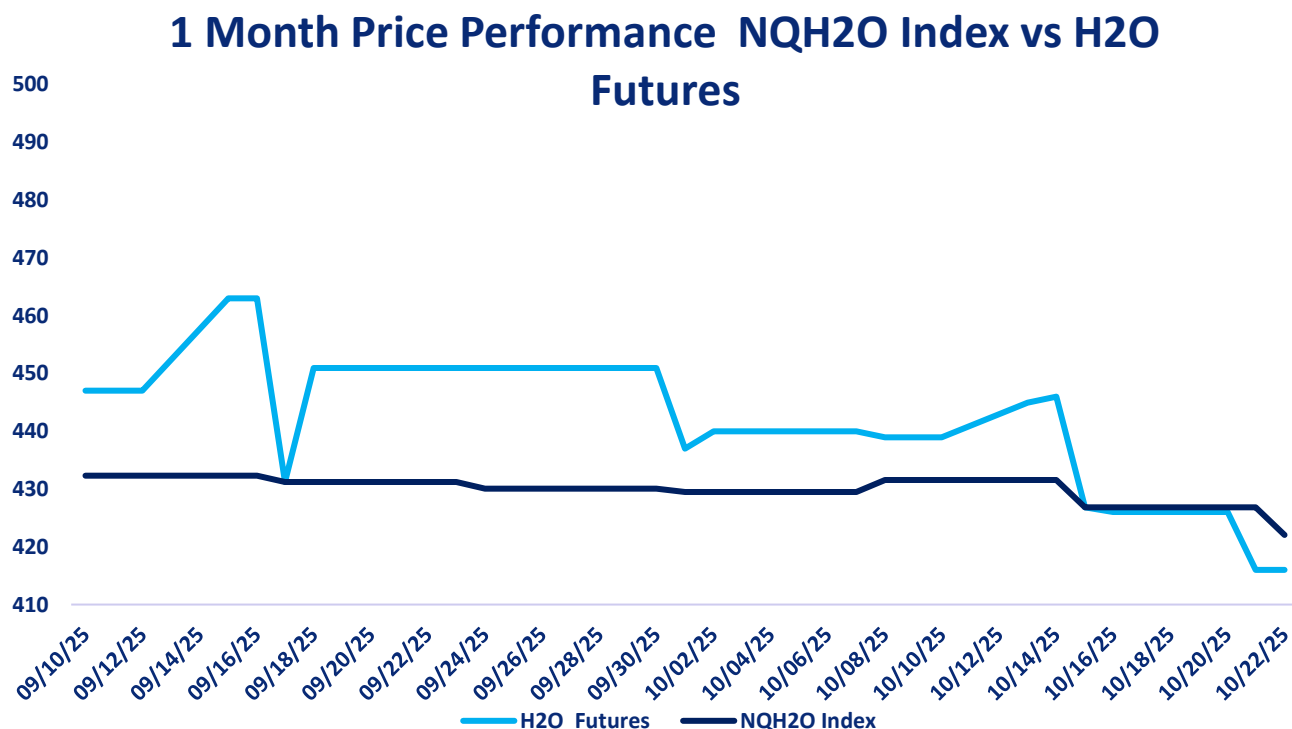
CLICK THE LINK BELOW

"A 2 minute technical analysis video of H2O futures"

[https://vimeo.com/1129761770?share=copy&fl=sv
&fe=ci](https://vimeo.com/1129761770?share=copy&fl=sv&fe=ci)



NQH2O™ INDEX PRICE vs H2O FUTURES PRICE



Price Chart Based upon Daily Close

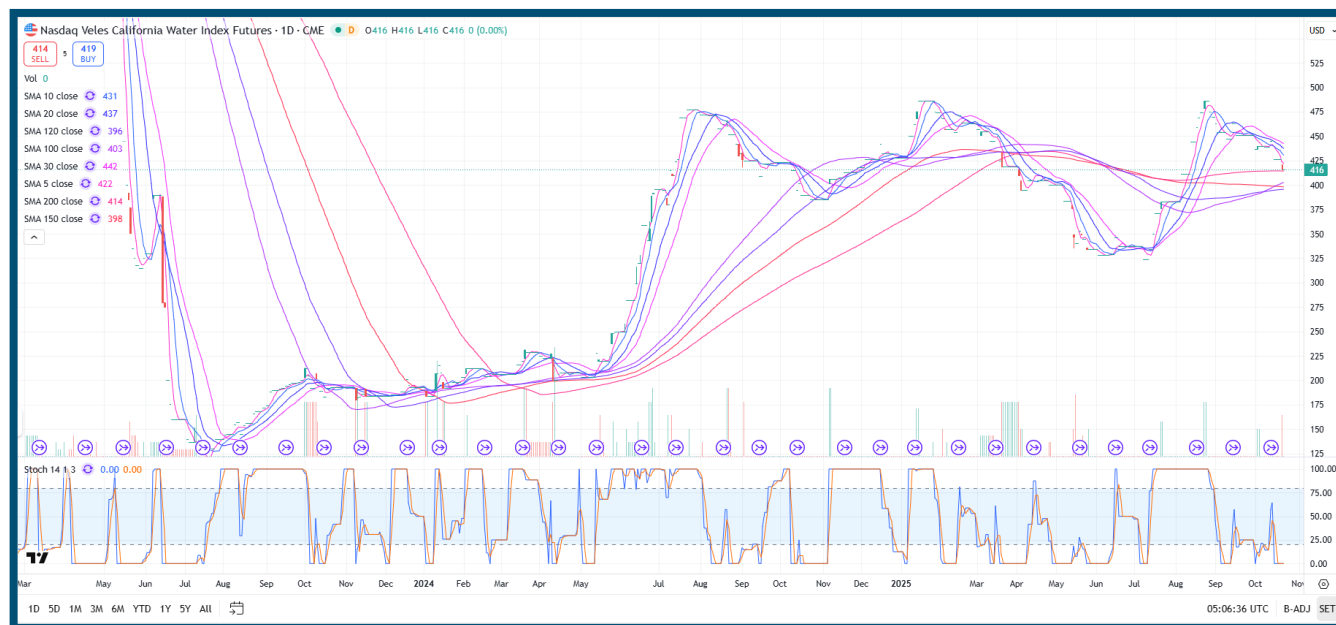
The new NQH2O index level of \$422.05 was published on October 22nd, down \$4.74 or 1.11% from the previous week. The November contract is considered the front month. The futures prices closed at a discount of \$0.79 to \$10.79 versus the index over the past week.

Below are the bid offer prices on different expiries being quoted in the market.

Nov 25	414@419
Dec 25	397@413
June 26	485@515



H2O FUTURES TECHNICAL REPORT



Trend Overview

- **Current Price:** 416 (▼ sharply from recent highs)
- **Momentum:** The downtrend is intensifying. Price has broken below all short-term SMAs and is now testing long-term support. Momentum remains strongly bearish, as confirmed by price action and the zeroed-out stochastic oscillator.

Moving Averages

Short-Term (SMA 5–30)

- **SMA 5:** 422
- **SMA 10:** 431
- **SMA 20:** 437
- **SMA 30:** 442

Analysis:

- Price is below all short-term SMAs — a bearish alignment.
- The 5-day SMA is the lowest of the group and declining quickly, leading the short-term downtrend.
- The cluster between 422 and 442 represents a strong resistance band.
- Momentum has clearly shifted away from the bulls, with no signs yet of reversal.

Long-Term (SMA 100–200)

- **SMA 100:** 403



- **SMA 120:** 396
- **SMA 150:** 398
- **SMA 200:** 414

Analysis:

- The price is currently sitting just above the 200-day SMA at 414, a critical line in the sand.
- If price holds above 414 and rebounds, the long-term structure remains intact.
- If price breaks and closes below 414 and particularly below 403, this would confirm a medium-term breakdown.
- All long-term SMAs are still upward sloping, so the broader uptrend is not yet broken.

Stochastic Oscillator

- **%K:** 0.00
- **%D:** 0.00

Analysis:

- The oscillator is locked at 0, indicating maximum oversold conditions.
- This suggests sellers are fully in control — but it also increases the likelihood of a short-term bounce or snapback rally.
- A crossover or uptick in %K would be the first sign of a reversal forming.

Resistance & Support Levels

Resistance Zones:

- **422–442:** SMA 5 through SMA 30 zone, major short-term resistance.
- **475:** Swing high
- **500:** Psychological resistance

Support Zones:

- **414:** 200-day SMA, current test level
- **403–396:** 100 and 120-day SMAs, deeper structural support
- **375–350:** Next downside target if current support fails

Summary

The Nasdaq Veles California Water Index Futures are now in correction territory, with the price sliding to 416. This places it below all short-term SMAs and just above the 200-day SMA, a crucial technical level.

The Stochastic Oscillator at 0.00 on both %K and %D signals extreme bearish momentum — but also raises the odds of a technical rebound if support holds.

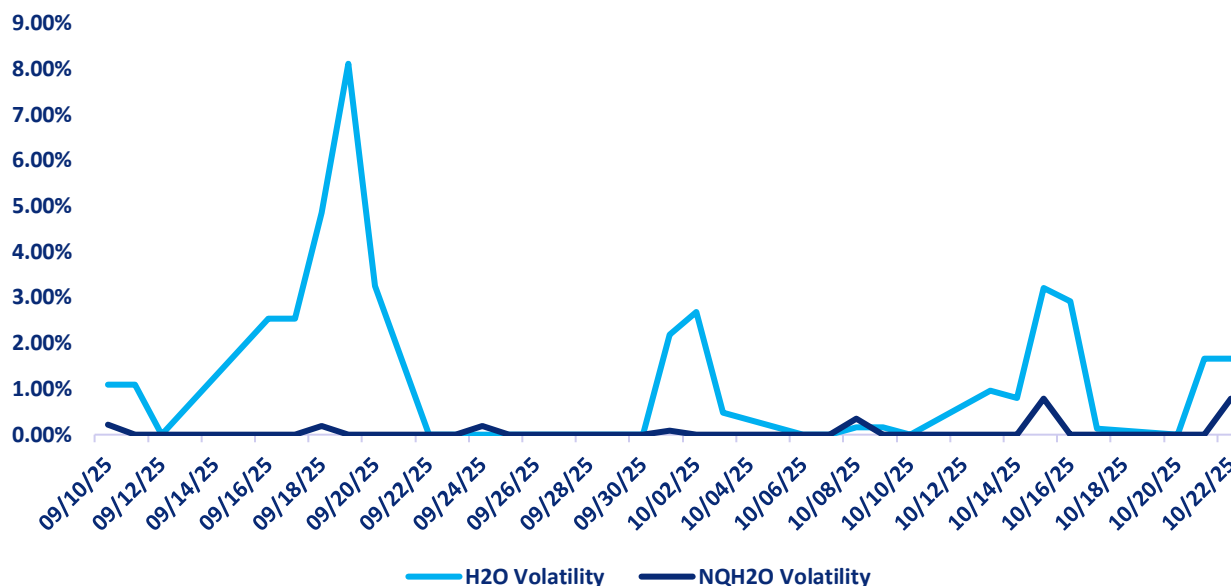


If bulls can defend the 414–403 zone, the longer-term trend remains viable. A break below 396, however, would trigger a structural shift and likely lead to deeper declines toward 375–350.



H2O FUTURES AND NQH2O INDEX VOLATILITY ANALYSIS

Daily H2O Futures Volatility vs Daily NQH2O Index Volatility



DAILY VOLATILITY

Over the last week the October contract daily future volatility has been 1.66%.

ASSET	1 YEAR (%)	2 MONTH (%)	1 MONTH (%)	1 WEEK (%)
NQH2O INDEX	18.78%	4.14%	1.86%	0.00%
H2O FUTURES	N/A	14.07%	5.90%	2.31%

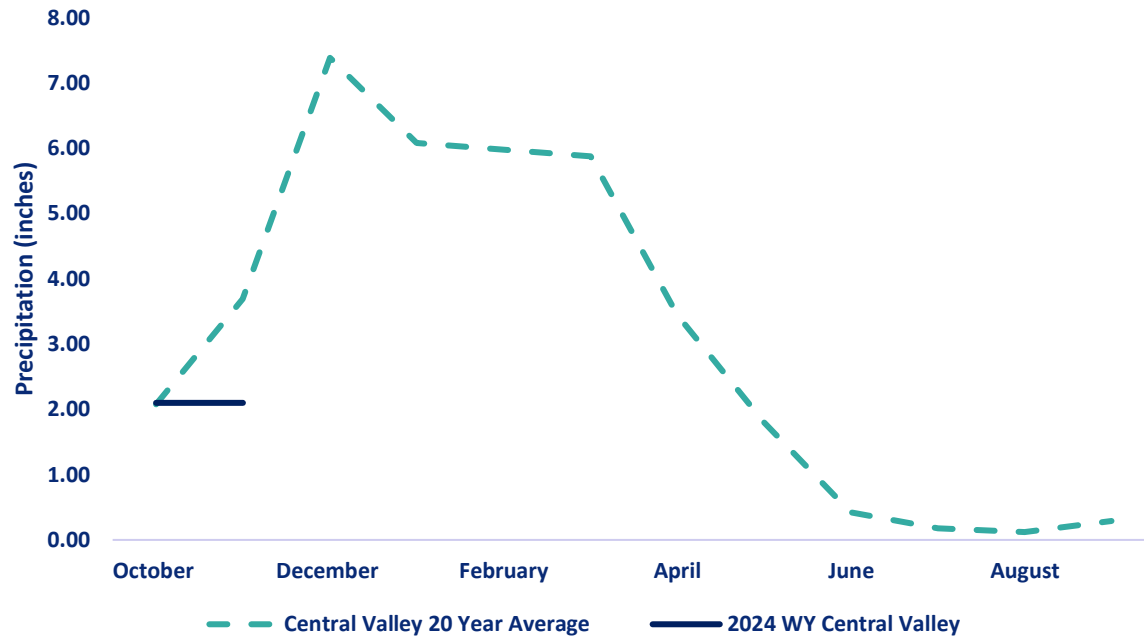
For the week ending on October 22nd, the two-month futures volatility is at a premium of 9.19% to the index, up 3.98% from the previous week. The one-month futures volatility is at a premium of 4.04% to the index, down 4.96%. The one-week futures volatility is at a premium of 2.30% to the index volatility.

*The above prices are all **HISTORIC VOLATILITIES**. All readings refer to closing prices as quoted by CME.*



CENTRAL VALLEY PRECIPITATION REPORT

Central Valley Precipitation Index



average is calculated using data from 19 weather stations in Central Valley, California.
Data as of 22/10/2025

Central Valley

STATION	MTD (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF 20 YEAR AVERAGE MTD	2026 WYTD VS 2025 WYTD %	2026 WY VS 20 YEAR AVERAGE TO DATE %
SAN JOAQUIN 5 STATION (5SI)	2.37	1.13	112.93	7	176
TULARE 6 STATION (6SI)	2.28	1.59	188.65	0	289
NORTHERN SIERRA 8 STATION (8SI)	1.65	0.63	56.42	19	91
CENTRAL VALLEY AVERAGE	2.10	1.12	101.10	9	185

RESERVOIR STORAGE

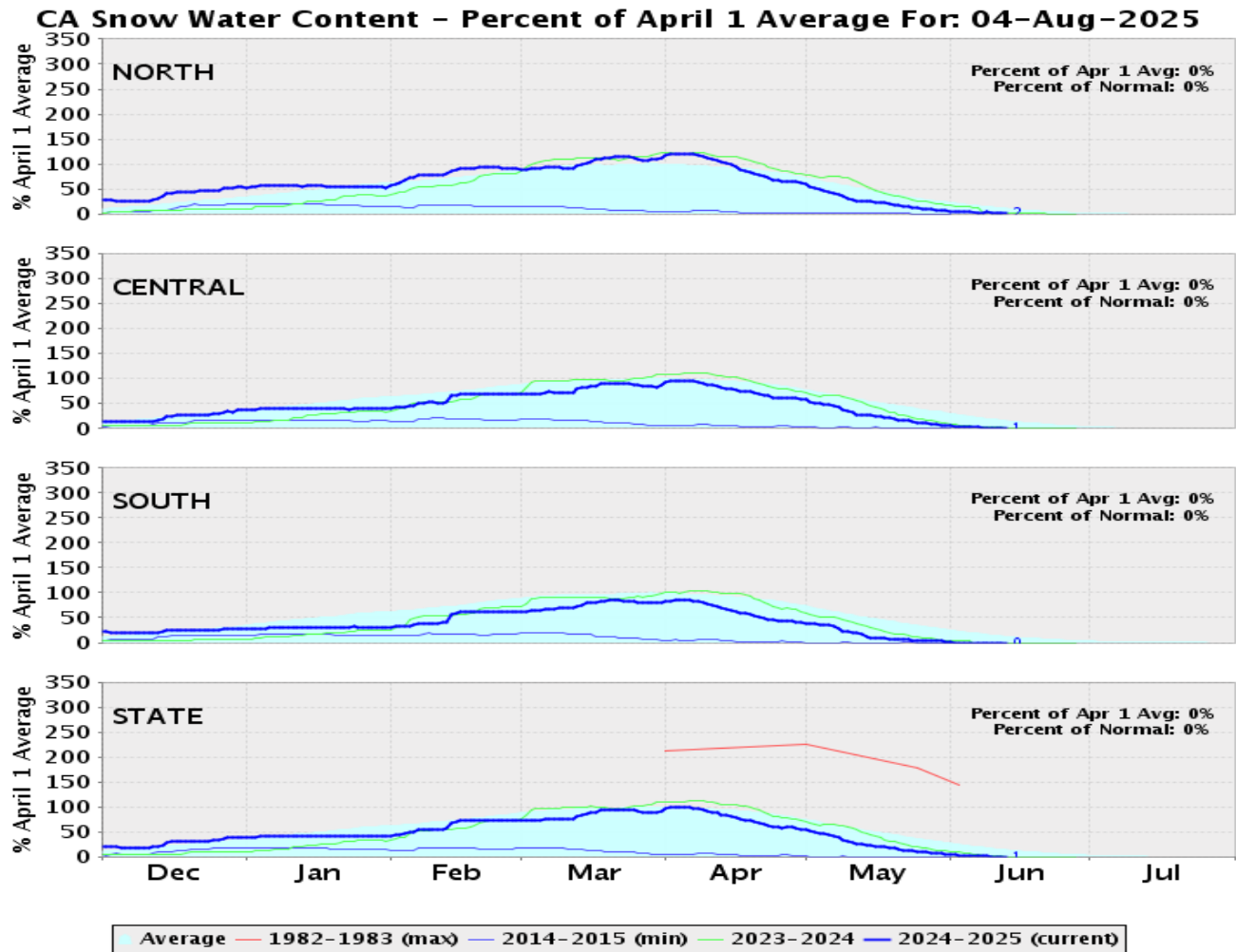
RESERVOIR	STORAGE (AF)	% CAPACITY	LAST YEAR % CAPACITY	*% HISTORICAL AVERAGE
TRINITY LAKE	1,749,705	71	68	121
SHASTA LAKE	2,590,558	57	58	105
LAKE OROVILLE	1,871,416	55	52	101
SAN LUIS RES	1,085,192	53	51	121

*% Historical Average is based on a daily average that is interpolated from historical monthly averages. The monthly averages are computed using monthly data from water year 1991 to 2024. The monthly averages are updated every 5 years using a sliding 30 year period.

[Reference: California Water Data Exchange](#)



SNOWPACK WATER CONTENT



REGION	*SNOWPACK WATER EQUIVALENT (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF AVERAGE LAST YEAR	% OF 20 YEAR HISTORICAL AVERAGE	% OF HISTORICAL **APRIL 1ST BENCHMARK
NORTHERN SIERRA	0.5	0.5	18	18	2
CENTRAL SIERRA	0.2	0.2	6	6	1
SOUTHERN SIERRA	0	0	0	0	0
STATEWIDE	0.2	0.2	7	7	1

*Snow Water Equivalent, or SWE, is a commonly used measurement used by hydrologists and water managers to gauge the amount of liquid water contained within the snowpack. In other words, it is the amount of water that will be released from the snowpack when it melts. SWE has regional variance.

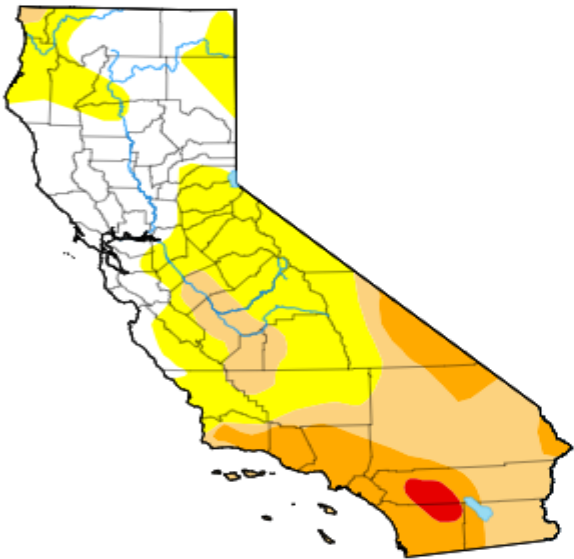
** April 1st is used as the benchmark as it when the snowpack in California is generally deepest. It has been used the benchmark date since 1941 by DWR and can be used to predict spring river flow.



DROUGHT MONITOR

California

[Home](#) / [California](#)



Map released: Thurs. October 16, 2025

Data valid: October 14, 2025 at 8 a.m. EDT

Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

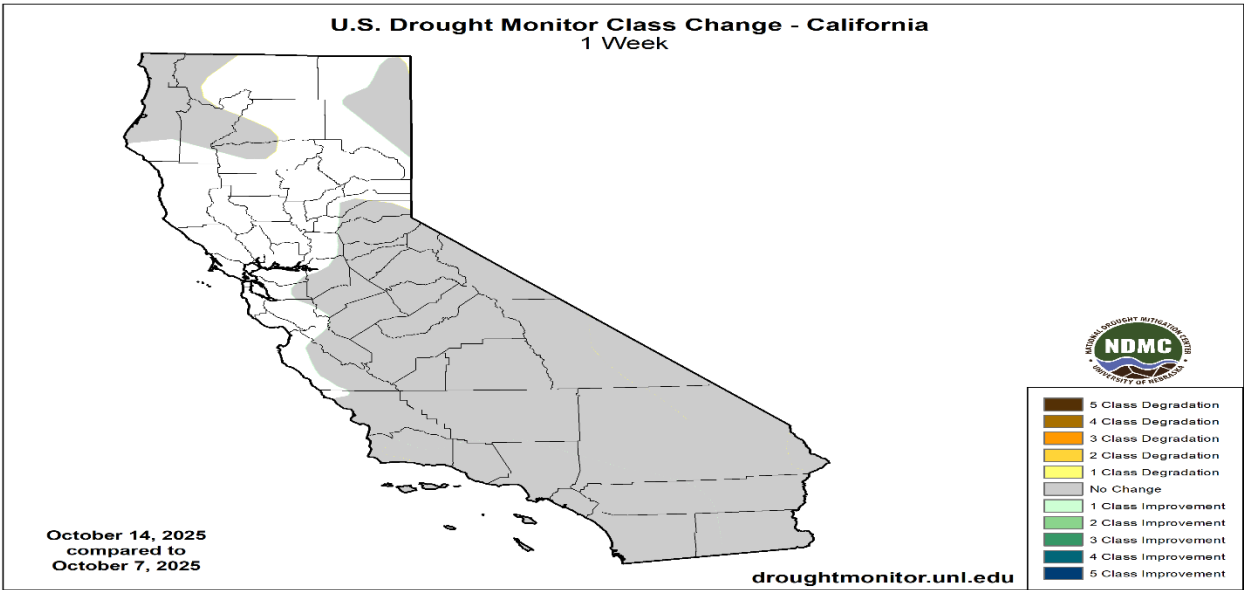
Authors

United States and Puerto Rico Author(s):

[Richard Tinker](#), NOAA/NWS/NCEP/CPC

Pacific Islands and Virgin Islands Author(s):

[Tsegaye Tadesse](#), National Drought Mitigation Center



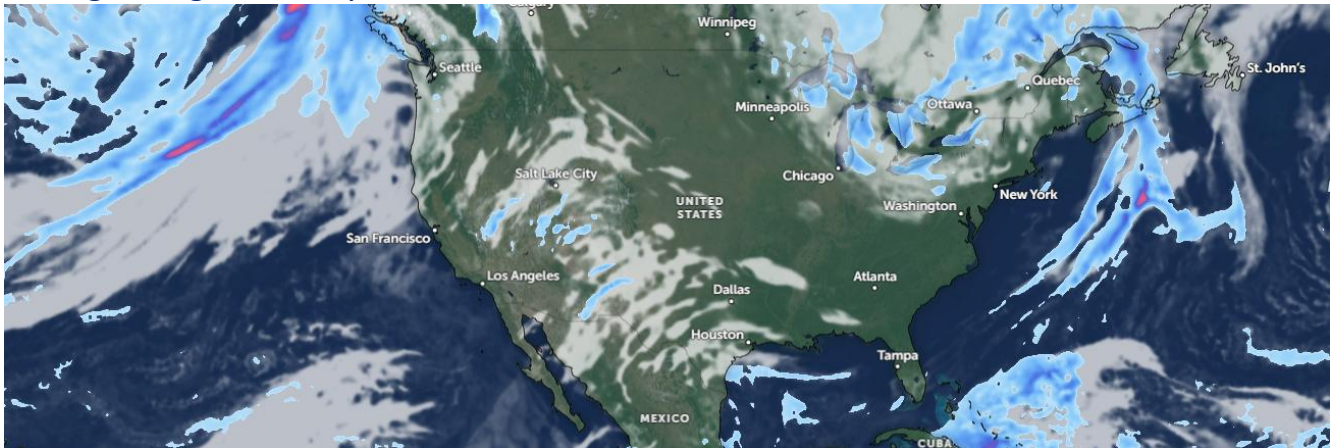
Week	Date	None	D0-D4	D1-D4	D2-D4	D3-D4	D4	DSCI
Current	2025-10-14	27.30	72.70	38.52	15.64	1.25	0.00	128
Last Week to Current	2025-10-07	27.20	72.80	38.52	15.64	1.25	0.00	128
3 Months Ago to Current	2025-07-15	23.98	76.02	39.56	23.01	5.90	0.10	145
Start of Calendar Year to Current	2024-12-31	40.90	59.10	31.52	5.70	1.06	0.00	97
Start of Water Year to Current	2025-09-30	26.78	73.22	38.52	18.61	1.25	0.00	132
One Year Ago to Current	2024-10-15	24.68	75.32	14.05	4.30	0.00	0.00	94

The U.S Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC.



CURRENT SATELLITE IMAGERY

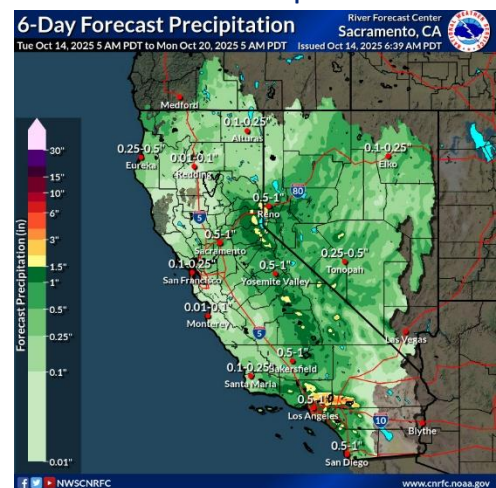
The satellite picture shows a significant moisture inflow from the Pacific northeast with cold wet air moving southwards along the Rockies. The Midwest is dry and clear but there is a large low pressure system over the northeastern US stretching as far east as Chicago. Large storm system over the Caribbean south east of Florida.



10 Day Outlook

Expect the low to track south just off the coast for the next 24 hour or so before turning east and moving inland over the central coast of CA. With the track a bit further offshore for longer compared to yesterday, forecast storm-total precip amounts decreased around 0.3-1" across much of northern and central CA, while increasing 0.3-2" in portions of the transverse ranges of southern CA, especially eastern portions. With good dynamic support aloft and H85 onshore flow peaking around 25 kts and PW values peaking around 1-1.2" near the central and southern coast, expect a round of heavier precipitation to spread across much of CA into western NV, with highest overall totals expected from the SF Bay area and the northern Sierra through portions of SW CA into the southern Sierra and western NV, with a general gradient toward higher precip in the southern portion of the areas mentioned.

Map Ref: Zoom Earth



Reference: National Weather Service / California Nevada RFC / Sacramento CA

**WESTERN WEATHER DISCUSSION**

Late-season tropical moisture surged into the Four Corners States, bringing heavy to excessive precipitation to large parts of Arizona, western New Mexico, and eastern Utah. Improvement was also noted in scattered areas across central and western Utah, and southwestern Montana. The only areas of deterioration were in north-central and northeastern Montana, where parts of a few counties slid from D0 into moderate drought (D1). In other parts of the West Region, precipitation amounts were nondescript, and dryness and drought were essentially unchanged.

Reference:

Lindsay Johnson, National Drought Mitigation Center

Richard Tinker, NOAA/NWS/NCEP/CPC



WATER NEWS

CALIFORNIA WATER NEWS

California Launches CalWATRS, a New Platform to Track Water Rights and Diversions

Author: Kurtis Alexander | San Francisco Chronicle

URL: <https://www.sfchronicle.com/california/article/california-water-rights-database-2025-21112273.php>

Summary: California's Department of Water Resources rolled out *Ca/WATRS*, a \$61.5 million platform that centralizes water-rights data for 43,000 holders statewide. The database aims to bring transparency and accountability to diversions, helping analysts, investors, and agencies quantify allocation risk under SGMA and drought planning.

California Puts All Water Rights Online for the First Time

Author: Ariel Wittenberg | Politico Pro / E&E News

URL: <https://subscriber.politicopro.com/article/eenews/2025/10/21/california-puts-all-of-its-water-rights-online-for-the-first-time-ee-00617117>

Summary: The state's new online registry provides real-time disclosure of diversions and storage volumes. Officials say it will modernize compliance enforcement, while growers and municipalities brace for data-driven oversight and potential rate reform.

California Prepares for Extreme Weather Swings as New Water Year Begins

Author: California DWR News Release

URL: <https://water.ca.gov/News/News-Releases/2025/Sep-25/California-Prepares-for-Extreme-Weather-Swings-as-New-Water-Year-Begins>

Summary: The Department reports reservoirs at above-average storage yet warns of volatile La Niña conditions ahead. It emphasizes investment in recharge and monitoring as key tools for climate-resilient supply management.

New Reports Show Progress Toward Groundwater Sustainability

Author: California DWR Press Office

URL: <https://water.ca.gov/News/News-Releases/2025/Oct-25/New-Reports-Show-Progress-in-Community-Actions-Make-Groundwater>

Summary: DWR's *Groundwater Update 2025* reveals improved aquifer recharge but persistent regional deficits. Data will inform basin sustainability plans critical to SGMA compliance and future water-finance models.

Public Input Opens on Draft Groundwater Bulletin 118 Update 2025

Author: Maven's Notebook Staff



URL: <https://www.mavensnotebook.com/2025/10/21/your-input-wanted-dwr-seeks-public-comment-on-released-draft-californias-groundwater-bulletin-118-update-2025-releases-semi-annual-and-calgw-live-updates/>

Summary: The draft bulletin compiles the state's latest aquifer health metrics and subsidence maps. DWR invites public and stakeholder comments before final adoption in early 2026.

California Water Level Update as Officials Issue New Warning

Author: Newsweek Staff

URL: <https://www.newsweek.com/california-water-level-update-as-officials-issue-new-warning-10820801>

Summary: Officials caution that a developing La Niña pattern could lead to alternating drought and flood extremes. State hydrologists highlight reservoir operation flexibility as a financial and ecological safeguard.

US WATER NEWS

White House Pauses \$11 Billion in Water Infrastructure Funds

Author: E&E News Staff | Politico Pro

URL: <https://subscriber.politicopro.com/article/eenews/2025/10/17/white-house-halts-11b-for-water-projects-in-blue-states-00613873>

Summary: Federal officials temporarily froze \$11 billion earmarked for state revolving-fund programs in 12 states. Analysts expect cash-flow stress for project pipelines and possible municipal issuance uptick to bridge funding delays.

DC Water Issues \$350 Million in Green and Tax-Exempt Bonds

Author: DC Water Press Office

URL: <https://www.dewater.com/about-dc-water/media/news/dc-water-issues-350-million-bonds-capital-projects>

Summary: DC Water priced \$350 million of bonds, including \$100 million green-labelled, to fund long-term capital improvements. Strong oversubscription signals investor appetite for ESG-aligned utility debt.

Lead Pipe Replacement Projects Face Delays Amid EPA Funding Holdup

Author: Politico / E&E News Staff

URL: <https://subscriber.politicopro.com/article/eenews/2025/10/09/lead-pipe->



[projects-face-delays-amid-epa-funding-holdup-00599824](#)

Summary: Municipalities report stalled construction schedules as EPA fund distribution slows. Many utilities are turning to short-term borrowing or rate hikes to cover interim costs.

SAWS: Cost to Replace Water Plant for Project Marvel May Top \$200 Million

Author: San Antonio Express News Staff

URL: <https://www.expressnews.com/news/article/project-marvel-san-antonio-water-system-cooling-21091208.php>

Summary: San Antonio's downtown cooling-plant relocation now exceeds \$200 million, underscoring the growing intersection of real-estate development, water-system finance, and ratepayer exposure.

Farmers and Ranchers Cut Back Colorado River Water Use to Survive One of Driest Seasons on Record

Author: Shannon Mullane | The Colorado Sun / Sky-Hi News

URL: <https://www.skyhinews.com/news/farmers-and-ranchers-cut-back-colorado-river-water-use-to-survive-one-of-driest-seasons-on-record-2/>

Summary: With Upper Basin flows at 41 % of average, irrigators slash allocations and absorb economic losses. The shortfall reignites debates over water rights priorities and long-term basin management.

New Report Calls for Policy Changes with Colorado River 'on the Cusp of Failure'

Author: Alex Hager | KUNC

URL: <https://www.kunc.org/news/2025-10-01/new-report-calls-for-policy-changes-with-colorado-river-on-the-cusp-of-failure>

Summary: A coalition of nonprofits warns that the Colorado River could collapse within two years without major demand reductions. The report advocates for rights reform and revised dam operations to protect critical storage.

Tropical Rains Bring Temporary Drought Relief to Colorado River Basin

Author: Deborah Hudson | Western Water

URL: <https://www.western-water.com/2025/10/18/tropical-rains-bring-drought-relief-to-colorado-river-basin/>

Summary: October rains delivered short-term recharge to parts of the Four Corners region, but long-term deficits persist. Hydrologists warn that one wet month cannot offset a decade of aridification.



VELES WATER WEEKLY REPORT

Assessing the Economic Value of Water in the Colorado River Basin

Author: D. Crespo et al. | ScienceDirect

URL: <https://www.sciencedirect.com/science/article/pii/S2212428425000118>

Summary: A hydro-economic analysis quantifies how climate and policy scenarios affect regional GDP and irrigation values. It proposes reuse and conservation as the most cost-effective stabilizers.

Reckoning on the River: Water Environment & Technology Special Feature

Author: Editorial Board | Water Environment & Technology

URL: https://www.waterenvironmenttechnology-digital.com/waterenvironmenttechnology/october_2025/MobilePagedArticle.action?cmsId=4296618

Summary: The October issue profiles utilities and municipalities facing compound hydrologic and financial stress, highlighting cross-sector adaptation and investment gaps in the U.S. water market.

Data Centers, AI and Water: Navigating the New Resource Demand

Author: Western Resource Advocates | Western Water

URL: <https://www.western-water.com/2025/07/30/data-centers-ai-and-water-navigating-the-new-resource-demand/>

Summary: AI and data-center growth in the West could drive massive cooling-water demand by 2035. Policy experts call for transparency and efficiency standards to mitigate energy-water trade-offs.

GLOBAL WATER NEWS

Council Pushes for a Holistic Water Strategy to Safeguard Water Resources and Boost Resilience

Author: EU Council Press Office

URL: <https://www.consilium.europa.eu/en/press/press-releases/2025/10/21/council-pushes-for-a-holistic-water-strategy-to-safeguard-water-resources-and-boost-resilience/>

Summary: The EU Council called for a bloc-wide water strategy after data showed 34 % of territory experiencing scarcity. The initiative targets integrated investment and cross-border resource management.



UN Expert Demands Global Action to Democratize Water Governance and Protect Rights

Author: UN OHCHR Press Office

URL: <https://www.ohchr.org/en/press-releases/2025/10/un-expert-demands-global-action-democratise-water-governance-and-protect>

Summary: The Special Rapporteur warns that financialisation of water undermines equitable access. Calls for public-interest governance and environmental-justice principles in global financing.

Water Risks Could Threaten Global Financial Stability

Author: Energy Live News Staff

URL: <https://www.energylivenews.com/2025/10/08/water-risks-could-threaten-global-financial-stability/>

Summary: An OECD-supported paper links drought and flood losses to systemic financial risk, urging central banks to incorporate hydrologic stress into macroprudential testing.

UNESCO Releases 2025 World Water Development Report

Author: Stephen Hathaway | Olympian Water Testing

URL: <https://olympianwatertesting.com/un-releases-2025-world-water-development-report-highlighting-global-water-challenges/>

Summary: The latest UNESCO report warns of increasing global water insecurity linked to climate change and pollution, affecting 4 billion people worldwide and stressing the need for integrated finance.

Building Water Resilience Through Desalination

Author: WSP Water Experts

URL: <https://www.wsp.com/en-us/insights/2025-resilience-through-desalination>

Summary: WSP analysts review global desalination case studies, arguing that cost-optimized, low-energy designs could close urban supply gaps and appeal to infrastructure investors.

Peoples Water Data: A Scalable Student-Led Methodology for Global Water Security

Authors: Suzan Kagan et al. | arXiv Preprint

URL: <https://arxiv.org/abs/2510.05989>

Summary: Demonstrates how crowdsourced data can enhance global monitoring of household water security and accountability — linking open data to financing and policy impact.



Smart Dams and Digital Twins: Re-imagining Water Infrastructure in the Age of AI

Author: Dentons Insights Team

URL: <https://www.dentons.com/en/insights/articles/2025/october/15/smart-dams-and-digital-twins-re-imagining-water-infrastructure-in-the-age-of-ai>

Summary: Dentons examines how AI-driven “digital twin” technology is transforming water asset management and risk allocation, creating new contractual and financing models for infrastructure investors.

Note the attachment is not an inducement to trade and Veles Water does not give advice on investments.

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